

MEMORANDUM

TO: HONORABLE MEMBERS OF THE CITY COUNCIL
MIKE ROY, CITY MANAGER
PATTI DUBOIS, CITY CLERK

FROM: NICK ISGRO, MAYOR

SUBJECT: VETO OF ORDER 77-2015

DATE: JULY 8, 2015

Today I am vetoing the passage of Order 77-2015, the Annual Budget for the City of Waterville. While I appreciate the time and emotion that this Honorable Council has put in to get us to this point, I ask that the same Council reconsider amending this order again before final passage.

Without going into a superfluous history of our city including that of recent years, it bares worthy of mention that we remain in an interim period following the decline in our manufacturing base that has resulted in the loss of both residents as enrollment in our schools. In our most recent years we have seen our expected revenues from the state depleted while our property taxes have increased. While it is true that we stand on the verge of new and exciting partnerships there is still a tough road ahead. We should not be discouraged by such circumstances but rather adjust our thinking and practices as we bridge to our future.

In recent years, bond spending has added to our costs and while some of said borrowing has been for maintenance that would have been far more expensive to delay until a later date, other spending has been for projects that could have cost far less but passed because it "felt better" than other options that seemed less desirable at the time and would have involved compromise on expectations but were perhaps more realistic to our means.

On top of our increase in debt spending for both current and future residents, the city has continued to negotiate contracts with both with city employees and schools (including administrators) that are three years in advance of spending with little question in advance of their affordability. While it seems there are times we end up defending our stance in protection of these contracts in reaction to questions from taxpayers, should we not instead realize our business process is backwards and collectively discuss how to change according to our times and situation? If we do not, I fear our only recourse will be to continue to cut services and personnel or continue to raise levies on property owners until the situation becomes untenable for all.

Last but not least I address the question of our city surplus fund. I recall a few months ago it was argued that we could continue to lower our surplus as has been done in the past. There were heated exchanges between myself and others in my defense of holding the line at 12%. As our budget stands we will keep that line at 12%. On this a strange argument has now arisen that new subsidies from the state should be taken into savings so that next year we can have more savings to spend. Is this not to make the same error that we have been making all along which is to expect to have



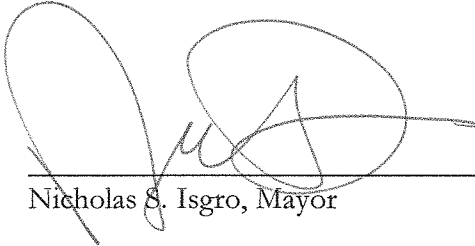
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surplus to spend so we can mask over the true cost of services that we provide? I was told that it is a matter of “spending it this year or next,” which means that the end goal is to continue to create an ongoing scenario of spending our surplus in the future.

Of course discussion of our surplus is being had because we are going to receive an additional education subsidy from the state in amount of roughly \$58,000. This money is coming as General Purpose Aid to Education. Was not the intent of these funds to be spent then on education? Of course it was. I suggest we do so with these funds and reduce the expected increase that we are to ask from the taxpayers. In this way the money will be spent on precisely what the state sent it to us for – education. Another important factor to consider is that as we continue our debate over municipal revenue sharing the complaint is lodged against us that when the state gives municipalities additional revenues those revenues are not realized in reductions of property tax dollars. To not spend this education aid on what it was given to us for without keeping in mind the taxpayers from which it comes destroys our ability to argue for additional other monies from the state under the pretense of property tax relief.

With several thousand less residents and half the school enrollment of 20 years ago, we must look at every opportunity we have to conform our city business to reality and not continue to try to impose on ourselves a system designed for time and circumstance that no longer exists. Last night we had a chance to change course on our contractual obligations and while I find it unfortunate we chose not too I understand our inherit resistance to so great a change. With that in mind I respectfully ask this Honorable Council to reconsider its vote on the city’s annual budget and amend the order in a manner that spends money as it was meant to be spent and applies as much relief as possible to those who work to keep their homes, support their families, and at the same time work together with us to support our mutually beneficial services that we call “city government.”

Respectfully submitted,



Nicholas S. Isgro, Mayor